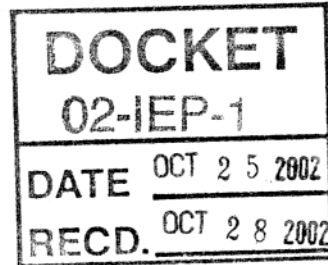




**National Biodiesel
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October 25, 2002

Susan Brown
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814



Dear Ms. Brown,

My name is Scott Hughes, State Regulatory Affairs Manager with the National Biodiesel Board (NBB). I am writing to express the biodiesel industry's interest in participating in the development of the Integrated Energy Policy Report.

The NBB is the national non-profit trade association representing the biodiesel industry as the coordinating body for research and development in the U.S. It is a comprehensive industry association which coordinates and interacts with a broad range of cooperators including industry, government, and academia. NBB's membership is comprised of state, national, and international feedstock and feedstock processor organizations, biodiesel suppliers, fuel marketers and distributors, and technology providers.

Biodiesel is a clean, renewable fuel which has become one of the fastest growing alternative fuels in the country. The increased national interest in biodiesel is being driven by its unique ability to be integrated into the conventional petroleum diesel infrastructure with little or no effort, its environmental and health benefits, as well as its ability to reduce our dependency on petroleum. Biodiesel has successfully completed the EPA's Tier I and Tier II Health Effects testing under the Clean Air Act. This testing has conclusively demonstrated biodiesel's non-toxicity while also providing significant reductions in most currently regulated and unregulated emissions—especially those associated with cancer and lung disease. Biodiesel additionally has been approved by Congress as an EPACT compliance strategy. Over 100 major fleets have implemented biodiesel including: the U.S. Postal Service, the U.S. Air Force, U.S. Army, U.S. Department of Energy, NASA; as well as, state fleets including Ohio, Iowa, Virginia, Missouri, Delaware, and New Jersey.

The biodiesel industry in California is growing rapidly. California is the home to several NBB member companies who have invested in the construction of biodiesel production facilities and who are working aggressively to expand their distribution networks, often working with conventional fuel suppliers. Biodiesel's applications within California are varied. You will find biodiesel used in both the private and public sectors, from on-road applications to off-road and marine applications, including locomotive engines. It is used to power back-up gen sets and for larger gen sets producing electricity to be sold to public utilities.

We are excited about the opportunity to participate in the process for developing the Integrated Energy Policy Report and are willing to assist you with any information that you may need in regard to biodiesel and the industry.

We certainly look forward to working with you. If we can be of further assistance, please do not hesitate to contact me. I am located in California and can be reached at 925/648-3403, or via email at hughes_biodiesel@msn.com.

Again, thank you for your time and consideration.

Scott Hughes
State Regulatory Affairs Manager, National Biodiesel Board